

Message Text

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ACTION EB-07

INFO OCT-01 EUR-12 EA-07 ISO-00 FEA-01 AGRE-00 CEA-01
CIAE-00 COME-00 DODE-00 FRB-03 H-01 INR-07 INT-05
L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02 AID-05
SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01 SP-02
OMB-01 DOTE-00 /095 W
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R 190718Z JUL 77
FM AMEMBASSY CANBERRA
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USOECD

E.O. 11652: N/A
TAGS: OECD, EFIN, ETRD, ELAB, AS
SUBJECT: ECONOMIC INDICATORS - AUSTRALIA

REF: (A) CANBERRA 4732 (B) CANBERRA 4981 (C) CANBERRA A-081
(D) 76 CANBERRA 8381 (E) 76 STATE 270634

1. THIS IS MONTHLY TRANSMITTAL OF CURRENT ECONOMIC INDICATORS
AS REQUESTED IN REF (E). REFERENCE SHOULD BE MADE TO REF (D)
FOR DEFINITIONS, SOURCES, BASE PERIOD ETC. NEW NEW FIGURES
ARE AVAILABLE FOR INDICATORS B, C, F, AND Y. THESE INDICATORS
HAVE THEREFORE BEEN OMITTED FROM THIS REPORT.

A. APR - 159
D. MAY - \$1878
E(I) MAR QTR - 24,940
E(II) MAR - 6798
E(III) MAY - 7302
E(IV) MAY - 40.4
G. APR - 204.2

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H. APR - 218
I. APR - \$10,672
J. APR - \$21,005
K. APR - \$36,950
L. APR - 3.75
M. APR - 8.25
N. JUN - \$2296

O. JUN - \$2582
P. JUN - \$286
Q. MAY QTR - QOOMT
R. MAY QTR - 309.2
S. JUN - 5.4
T. MAR - 398.5; APR - 498.6
U. JUN - \$964
V. JUN - 938
W. JUN - MINUS \$218
X. MAY - \$2392
Z. JUN - \$5.4

2. NEW FIGURES APPEARING DURING THE PAST MONTH, ESPECIALLY THE JUNE DATA, ARE NOT ENCOURAGING. THE MOST NOTABLE DATA OF THE MONTH WERE MONTHLY UNEMPLOYMENT FIGURES INDICATING A RESUMED UPTURN TO 5.4 PERCENT OF THE WORKFORCE (MAY - 5.2 PC) AND BALANCE OF PAYMENTS DATA SUGGESTING A STEADY GROWTH IN THE BALANCE OF PAYMENT DEFICIT, COUPLED WITH CONTINUED FALLING OFF IN APPARENT CAPITAL INFLOW (CANBERRA A-081).

3. THE RESUMED GROWTH OF UNEMPLOYMENT WAS ACCOMPANIED BY GENERALLY DISCOURAGING INDUSTRY NEWS, THE HIGHLIGHT OF WHICH WAS A NEW CRISIS IN DOMESTIC AUTOMOBILE PRODUCTION, LEADING TO THE REIMPOSITION OF IMPORT QUOTAS (CANBERRA 4981) AND SIZABLE LAY-OFFS BY CHRYSLER AUSTRALIA.

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4. THE RELEASE OF TRADE AND BALANCE OF PAYMENTS DATA FOR JUNE SHOWED A DECLINE IN BOTH EXPORTS AND IMPORTS WHILE THE OVERALL DEFICIT WIDENED TO \$A218 MILLION AND APPARENT NET CAPITAL INFLOW DWINDLED FURTHER TO \$A15 MILLION. THESE DATA ILLUMINATED THE ACTION ANNOUNCED EVERAL DUS EARLIER (CANBERRA 4732) TO ENCOURAGE CAPITAL INFLOW BY ELIMINATING THE VARIABLE DEPOSIT RATE INTRODUCED IN JANUARY TO SLOW THE POST-NOVEMBER 1976 DEVALUATION INFLOW.

5. THESE FINANCIAL DEVELOPMENTS, COUPLED WITH THE STEADY APPRECIATION OF THE AUSTRALIAN DOLLAR IN PAST WEEKS AGAINST THE U.S. DOLLAR WITHIN THE "BASKET OF" FORMULA USED TO SET THE RATE, HAVE REVIVED DEBATE ON THE MERITS OF THE NOVEMBER 1976 DEVALUATION. THE FAILURE OF EITHER EXPORTS OR IMPORTS TO RESPOND DRAMATICALLY AS WELL AS THE RAPID DWINDLING OF THE HOPED-FOR CAPITAL INVESTMENT INFLOW HAVE CONFIRMED THE FEARS OF THOSE WHO CRITICIZED THE NOVEMBER DEVALUATION, NOTWITHSTANDING THE FACT WH TO DATE AT LEAST RELATIVELY LITTLE OF THE INCREASED INFLATION PREDICTED AFTER DEVALUATION HAS MATERIALIZED. IN THIS RENEWED DEBATE THERE HAS

INEVITABLY BEEN INCREASED DISCUSSION OF THE POSSIBILITY
AND PROS AND CONS OF A FURTHER DEVALUATION, ALTHOUGH
THERE ARE YET FEW PREDICATIONS OF SUCH AN ACTION
AND THE PREPONDERANT OPINION, IN THE LIGHT OF DEVELOPMENTS
SINCE NOVEMBER 1976, IS OPPOSED TO SUCH A MOVE.
ALSTON

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Disposition Approved on Date:
Disposition Case Number: n/a
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Disposition Remarks:
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